

Honolulu, Hawaii

April 25, 2014

RE: H.B. No. 1702
H.D. 2
S.D. 2
C.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1702, H.D. 2, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO THE CAPITAL INFRASTRUCTURE TAX CREDIT,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to support those who are being displaced by the Kapalama container terminal project by establishing a capital infrastructure tax credit for taxpayers who invest in tenants displaced by the Kapalama container terminal project.

Your Committee on Conference has amended this measure by:

- (1) Specifying that the capital infrastructure tax credit shall be for taxpayers for capital infrastructure costs that were paid or incurred;



- (2) Clarifying the definition of "capital infrastructure costs" and that it shall not include amounts for which another credit is claimed;
- (3) Removing ship repair from the list of principal businesses in the definition of qualified infrastructure tenant;
- (4) Specifying that the tax credit shall be equal to fifty percent of the capital infrastructure costs paid or incurred by the qualified infrastructure tenant during the taxable year up to a cap of \$2,500,000 in any taxable year;
- (5) Requiring notice from the qualified infrastructure tenant to the taxpayer claiming the credit of the amount of costs that may be claimed;
- (6) Clarifying that the credit shall be determined for a partnership at the entity level;
- (7) Specifying that the tax credit may be recaptured within three years under certain conditions and the recapture percentage based on the credit claimed;
- (8) Changing the effective date to July 1, 2014;
- (9) Removing language pertaining to the inapplicability of section 704(b)(2) of the Internal Revenue Code to allocations of the capital infrastructure tax credit; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1702, H.D. 2, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1702, H.D. 2, S.D. 2, C.D. 1.



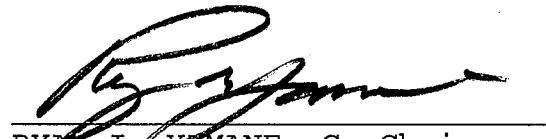
Respectfully submitted on behalf
of the managers:

ON THE PART OF THE SENATE


DONOVAN M. DELA CRUZ, Chair


MICHELLE N. KIDANI, Co-Chair

ON THE PART OF THE HOUSE


RYAN I. YAMANE, Co-Chair

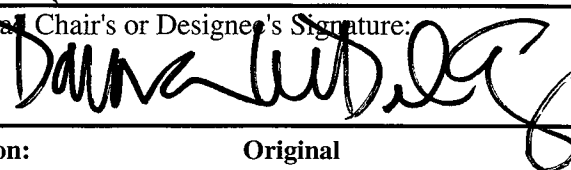
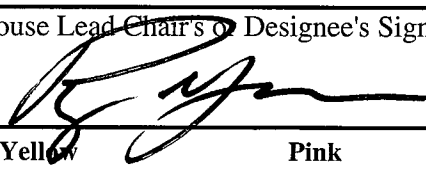

SCOTT Y. NISHIMOTO, Co-Chair



Hawaii State Legislature

Record of Votes of a Conference Committee

CCR 123-14

Bill / Concurrent Resolution No.: HB 1702, HD 2, SD 2					Date/Time: 4/25/2014 5:50 PM				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				YAMANE, Ryan I., Co-Chr.	/			
KIDANI, Michelle N., Co-Chr.	/				NISHIMOTO, Scott Y., Co-Chr.	/			
WAKAI, Glenn	/				TAKAYAMA, Gregg	/			
					WARD, Gene	/			
TOTAL	3	0	0	0	TOTAL	4	0	0	0
A = Aye		WR = Aye with Reservations		N = Nay		E = Excused			
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
<div style="display: flex; justify-content: space-between;"> <div> Distribution: Original File with Conference Committee Report </div> <div> Yellow House Clerk's Office </div> <div> Pink Senate Clerk's Office </div> <div> Goldenrod Drafting Agency </div> </div>									